

***Highway and Transportation Employees'  
and Highway Patrol Retirement System***

**Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2000**

***Norm Robinson***  
*Executive Director*

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# Introductory Section

## *In This Section*

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- Board of Trustees
- Chairman's Letter
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2000

## INTRODUCTORY SECTION

### LETTER OF TRANSMITTAL

# Highway and Transportation Employees' and Highway Patrol RETIREMENT SYSTEM

Norm Robinson, Executive Director

January 22, 2001

Board of Trustees Highway & Transportation  
Employees' and Highway Patrol Retirement System  
Jefferson City, MO 65101

Dear Board Members:

I am pleased to submit this year's annual report of Highway and Transportation Employees' and Highway Patrol Retirement System. It was an excellent year, marked by the major accomplishment of rolling out the Year 2000 Plan.

The retirement system staff worked towards the successful implementation of the Year 2000 Plan effective July 1, 2000. Prior to the passage last year of Senate Bill 308 & 314, members were covered under one plan, the Closed Plan. Over the last 40 years, frequent amendments to the Closed Plan resulted in a "patchwork" benefit structure that provided different benefits for various classifications of employees. The issue of achieving internal benefit equity among employee groups was a key factor in the design of the new plan. Employees hired prior to July 1, 2000, will be given the choice of participating in the Year 2000 Plan or remaining in the Closed Plan, employees hired after July 1, 2000, will automatically participate in the Year 2000 Plan.

This Comprehensive Annual Financial Report of the Highway and Transportation Employees' and Highway Patrol Retirement System for the fiscal year ended June 30, 2000, has been prepared to enhance knowledge and understanding of the retirement system. The material has been prepared in a manner to be useful and informative to the members, to the management of the Missouri Department of Transportation and Missouri State Highway Patrol, and to the elected officials of the state of Missouri.

Management of the retirement system is responsible for the accuracy and completeness of the information in this report. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to fairly present the financial position of the fund.

This report contains five sections: Introductory, Financial, Investment, Actuarial, and Statistical. An overview of the administrative organization of the system and the transmittal letter for the report are contained in the introductory section. An in-depth explanation of the financial position of the plan, as well as the auditor's opinion of the system's financial records, is found in the Financial Section. The Investment Section outlines the value of the system's assets and the historical returns of the portfolio. In the Actuarial Section, the actuary certifies the recommended contribution rates and presents the assumptions used to arrive at those rates. And, finally, the Statistical Section provides a statistical profile of our active, terminated vested, and retired members.

#### BACKGROUND INFORMATION

The Highway and Transportation Employees' and Highway Patrol Retirement System was established by state statute in 1955. Under that legislation, employees of the Missouri Department of Transportation and Missouri State Highway Patrol became members of the retirement system on September 1, 1955. The system initially provided only regular retirement and disability benefits and required the employees to share in the cost of the plan.

While the participating employers in the system, the Missouri Department of Transportation and the Missouri State Highway Patrol, have remained the same since 1955, the plan provisions have changed many times. Today, at no cost to the employees, the system offers not only enhanced retirement and disability benefits, but also benefits for survivors of active and retired members, benefits for qualified terminated vested members, and death benefits.

### FINANCIAL INFORMATION

#### *Accounting System*

This report has been prepared in accordance with generally accepted accounting principles for governmental accounting and reporting. Assets, liabilities, revenues, and expenses are reported on the accrual basis. Internal controls have been established by management to reasonably protect the assets from loss, theft, or misuse.

#### *Revenues*

Two sources of revenue are used to finance retirement, survivor, and long-term disability benefits: employer contributions and income on investments. During Fiscal Year 2000, revenues from those two sources totaled \$124,880,511. Of that amount, \$70,191,993 was contributed to the system by the Missouri Department of Transportation and the Missouri State Highway Patrol and, \$54,688,518 was income earned on investments.

#### *Expenses*

Expenses of the system totaled \$98,732,077 in Fiscal Year 2000. Benefit payments represent the major expense of the retirement system. Expenses incurred to administer the plan include personal services provided by the staff and professional services for (1) investing the system's funds, (2) monitoring the system's investment guidelines, (3) providing actuarial information, and (4) auditing.

During Fiscal Year 2000, benefit payments totaled \$95,402,854. Administrative expenses during this period were \$3,329,223. During Fiscal Year 2000, revenue from employer contributions and investments exceeded expenses by \$26,148,434.

### INVESTMENTS

The state statutes allow the system to make investments using the same care, skill, and diligence that a prudent person acting in a similar capacity would use. In keeping with this prudent person rule, the Board of Trustees has established investment guidelines. The system's investment managers, UMB Investment Advisors, Rothschild Asset Management, Alliance Capital Management, and Wachovia Corporation are allowed full discretion in investment decisions within the confines of those guidelines and the statutory investment authority.

The balanced stock and bond portfolio provided a 3.83% time-weighted rate of return for the 2000 fiscal year. Over the last ten fiscal years through June 30, 2000, our balanced fund earned a time-weighted rate of 10.65%.

### FUNDING

The Board of Trustees certifies to the Missouri Department of Transportation and the Missouri State Highway Patrol the actuarially determined percentages of payroll necessary to meet the system's obligations. Realizing the importance of maintaining a financially sound system, the participating employers have never failed to contribute the amounts certified by the Board of Trustees.

### REPORT DISTRIBUTION

This report is being distributed to the Governor, the State Auditor, and the Joint Committee on Public Employee Retirement. It is also being distributed to all Missouri Department of Transportation Division and District offices and Missouri State Highway Patrol General Headquarters and Troop offices. Copies to others will be furnished upon request.

### ACKNOWLEDGMENTS

I appreciate the support and leadership of the Board of Trustees and the participating employers, and I commend the staff members for their dedication and service to the members of the system.

Respectfully submitted,



Norm Robinson  
Executive Director

## INTRODUCTORY SECTION

### BOARD OF TRUSTEES

The Highway and Transportation Employees' and Highway Patrol Retirement System is governed by a Board of Trustees. As set out in Section 104.160 of the Revised Statutes of Missouri, the Board is comprised of the following ten members:

**W.L. "Barry"  
Orscheln**



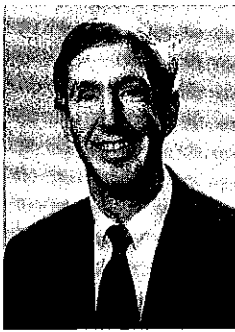
**Board Chairman  
and  
Highway & Transportation  
Commissioner**  
*Term Expires 12-1-2003*

**William E.  
Gladden**



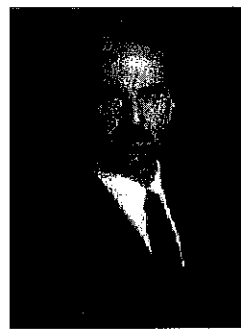
**Board  
Vice-Chairman  
and  
Highway & Transportation  
Commissioner**  
*Term Expires 12-1-2001*

**Edward D.  
Douglas**



**Highway & Transportation  
Commissioner**  
*Term Expires 10-13-2001*

**Senator  
Steve Stoll**



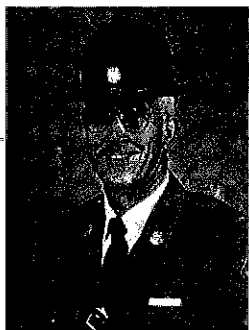
**State Senator**  
  
District 22  
Appointed by President  
Pro-Tem of the Senate

**Representative  
Gracia Backer**



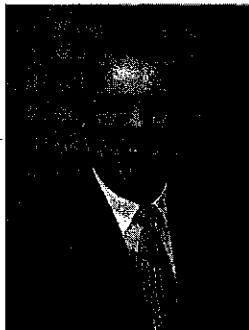
**State Representative**  
  
District 20  
Appointed by the  
Speaker of the House

**Colonel Weldon  
Wilhoit**



**Superintendent of  
The Missouri State  
Highway Patrol**

**Henry  
Hungerbeeler**



**Director of the  
Missouri Department  
of Transportation**

**Larry  
Thompson**



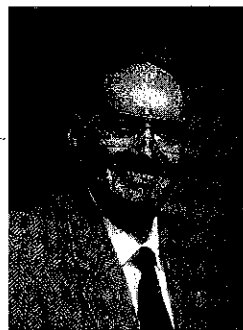
**Elected by MoDOT  
Employees**  
*Term Expires 7-1-2002*

**Major Roger  
Stottlemire**



**Elected by Patrol  
Employees**  
*Term Expires 7-1-2002*

**Bill  
Shaw**



**Elected by Retired  
Members of the System**  
*Term expires 7-1-2002*

## CHAIRMAN'S LETTER

# Highway and Transportation Employees' and Highway Patrol RETIREMENT SYSTEM

W.L. "Barry" Orscheln, *Chairman*  
William E. Gladden, *Vice Chairman*  
Edward D. Douglas, *Member*  
Sen. Steve Stoll, *Member*

Rep. Gracia Backer, *Member*  
Major Roger Stottlemyre, *Member*  
Larry Thompson, *Member*  
Bill Shaw, *Member*

Henry Hungerbeeler, *Member*  
Col. Weldon Wilhoit, *Member*  
Norm Robinson, *Exec. Dir.*  
Rich Tiemeyer, *Counsel*

July 16, 2000

To the Members of the Highway and Transportation  
Employees' and Highway Patrol Retirement System

On behalf of the Board of Trustees, we are pleased to present the Comprehensive Annual Financial Report of the Missouri Highway and Transportation Employees' and Highway Patrol Retirement System for the fiscal year ended June 30, 2000.

During the past year, the Board's membership changed with the departure of Forrest "Duke" Wrisinger and J. T. Yarnell, and the addition of Larry Thompson and Henry Hungerbeeler. Duke, having served 8 years, and J. T. having served 11 months, exemplified what fiduciary responsibility means in their every action. Their concern for the membership served as a model for other board members, and we recognize them for the valuable contributions they made while serving as trustees. Although we will miss working with Duke and J.T., we look forward to working with Larry and Henry.

Perhaps the most important duty of trustees is that of prudent investment fiduciaries for the HTEHPRS' trust fund. The board has worked diligently to develop a diversified investment program that will allow the system to meet or exceed our actuarial requirements, ensuring that retirement benefits for our members are properly funded with the lowest possible cost to participants and, ultimately, Missouri's taxpayers. The trustees are constantly striving to better educate ourselves as to the prudent management of the assets to which we have been entrusted.

Our retirement system continues to grow in asset value and in the number of active members as well as benefit recipients. At the end of the fiscal year, our market value was \$1,477,667,384 with 9,171 active members and 5,857 benefit recipients.

The Board of Trustees continues to be impressed by the work of the retirement system staff, especially in regard to the preparation that was necessary to implement the Year 2000 Plan, which became effective this fiscal year. The staff maintained a high level of customer service throughout this transition despite the additional workload that was created by such an undertaking.

I am proud of the HTEHPRS and would like to take this opportunity to thank the members, retirees, advisors, and staff who assist the board in the operation of our retirement system. On behalf of the Board of Trustees, we will continue to prudently manage the system so as to provide for a secure retirement future for each of our members.

Sincerely,



Barry Orscheln  
Chairman

## INTRODUCTORY SECTION

### ADMINISTRATIVE ORGANIZATION

#### PERSONAL SERVICES

The Executive Director of the Highway and Transportation Employees' and Highway Patrol Retirement System has charge of the offices and records of the system and hires such employees deemed necessary, subject to the direction of the Board of Trustees. The system employs four full-time staff.

The Chief Counsel of the Highway and Transportation Commission furnishes legal services and provides legal opinions of the retirement statutes as necessary for implementation.

Work assignments related to the Retirement System that are performed by Missouri Department of Transportation and Missouri State Highway Patrol personnel are considered duties in connection with their regular employment.

#### DIRECTOR'S OFFICE

**Norm Robinson**  
Executive Director

**Lois Wankum**  
Executive Secretary

**Michel Au Buchon**  
Retirement Clerk

**Angel Meyer**  
Senior Secretary

#### LEGAL SERVICES

**Rich Tiemeyer\***  
Chief Counsel

**Dennis Redel\***  
Asst. Chief Counsel

**Dan Pritchard\***  
Senior Asst. Counsel

**Paula Lambrecht\***  
Senior Asst. Counsel

#### FINANCIAL

**Alfred S. Kaiser\***  
Business & Benefits  
Manager

**Shelly Ash\***  
Intermediate  
Business Specialist

**Mary Jordan\***  
Account Technician

**Ginger Miller\***  
Intermediate  
Account Technician

**Flo Schulte\***  
Senior  
Account Technician

#### BENEFITS - MISSOURI DEPARTMENT OF TRANSPORTATION

**Joyce Wagner\***  
Senior Benefits Specialist

**Mary Helen Norfleet\***  
Senior Benefits Specialist

#### BENEFITS - MISSOURI STATE HIGHWAY PATROL

**Captain Terry W. Moore\*\***  
Director, Human  
Resources Division

**Theresa M. Backes\*\***  
Special Assistant

**Matt Owens\*\***  
Personnel Records  
Clerk II

**Bev Mauzy\*\***  
Personnel Records  
Clerk III

\* Employees of the Missouri Department of Transportation. The Retirement System reimburses the department for time spent by these individuals in performing retirement related duties.

\*\* Employees of the Missouri State Highway Patrol.

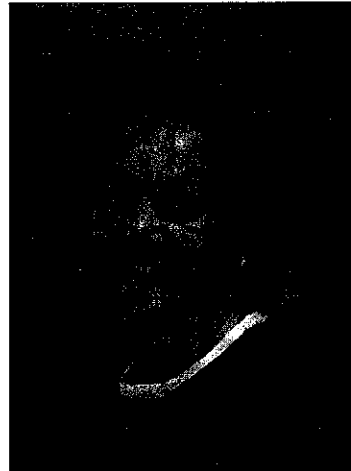


**DIRECTOR'S OFFICE**

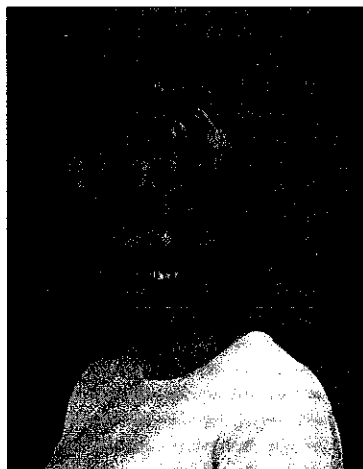
The goal of the Highway and Transportation Employees' and Highway Patrol Retirement System staff is to provide quality customer service to its members. The interests of the taxpayers of the state of Missouri are safeguarded by the staff's ongoing review of retirement policies, procedures, investments, and legislation--all in an effort to improve the day-to-day business of the system.



**Norm Robinson**  
Executive Director



**Lois Wankum**  
Executive Secretary



**Michel Au Buchon**  
Retirement Clerk



**Angel Meyer**  
Senior Secretary

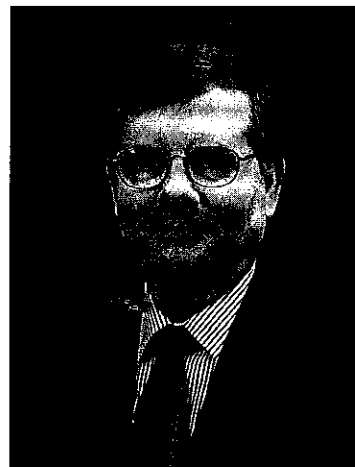
## **INTRODUCTORY SECTION**

### **LEGAL SERVICES**

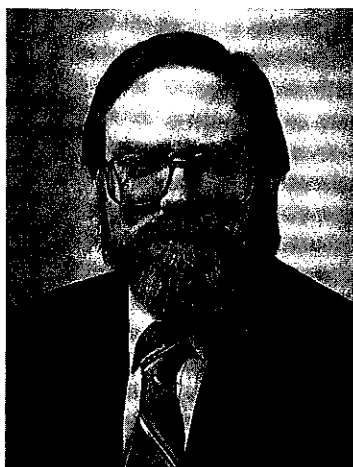
Chief Counsel Rich Tiemeyer heads up the team handling legal matters affecting the Retirement System. The team reviews changes in retirement law and questions of interpretation affecting policy and procedure.



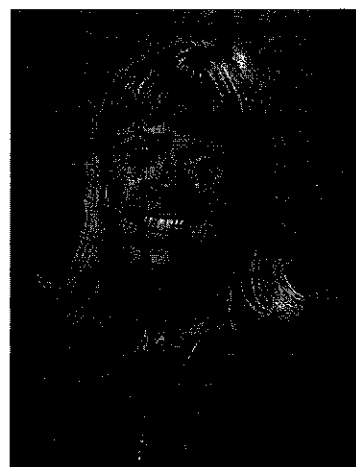
**Rich Tiemeyer**  
Chief Counsel



**Dennis Redel**  
Assistant Chief Counsel  
Administration



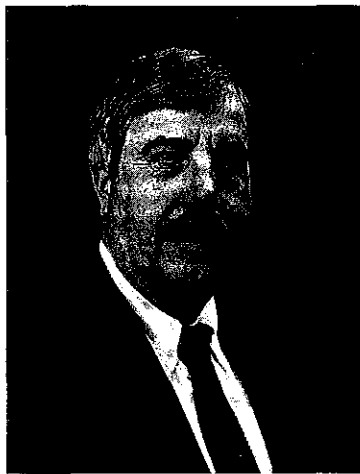
**Dan Pritchard**  
Senior Assistant Counsel



**Paula Lambrecht**  
Senior Assistant Counsel

### FINANCIAL SERVICES

The financial services section handles the payroll and accounting functions of the Retirement System in the Business and Benefits Support Division of the Missouri Department of Transportation. Shelly Ash performs the accounting duties for the system, and Mary Jordan, Ginger Miller, and Flo Schulte prepare and review the retirement payroll for accuracy and correctness.



**Alfred S. Kaiser**  
Business and Benefits  
Manager



**Shelly Ash**  
Intermediate Business  
Specialist



**Mary Jordan**  
Account Technician



**Ginger Miller**  
Intermediate Account  
Technician



**Flo Schulte**  
Senior Account  
Technician

## INTRODUCTORY SECTION

### MISSOURI DEPARTMENT OF TRANSPORTATION AND MISSOURI STATE HIGHWAY PATROL

These employees of the Missouri Department of Transportation and Missouri State Highway Patrol work daily to maintain current records of prior service credit, purchase of military service credit and employee records for members of the system. These groups work closely with the Executive Director to analyze and evaluate questions regarding prior service credit and eligibility for disability.

### MISSOURI DEPARTMENT OF TRANSPORTATION



**Joyce Wagner**  
Senior Benefits  
Specialist



**Mary Helen Norfleet**  
Senior Benefits  
Specialist

### MISSOURI STATE HIGHWAY PATROL



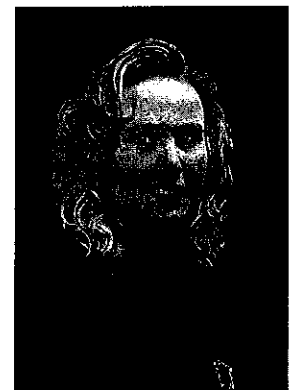
**Captain Terry W. Moore**  
Director, Human  
Resources Division



**Theresa M. Backes**  
Special Assistant



**Matt Owens**  
Personnel Records  
Clerk II



**Bev Mauzy**  
Personnel Records  
Clerk III

**PROFESSIONAL SERVICES**

The following firms are retained by the Board of Trustees to serve in professional capacities or provide consultant services.

**Actuary**

Gabriel, Roeder, Smith  
& Company  
Southfield, Michigan

**Auditor**

Evers & Company, CPA's  
Jefferson City, Missouri

**Investment Managers**

UMB Investment Advisors  
Kansas City, Missouri

Alliance Capital Management  
New York, New York

Rothschild Asset Management  
New York, New York

Wachovia Corporation  
Winston-Salem, North Carolina

**Investment Consultant**

Randy Kirkland  
Asset Consulting Group  
St. Louis, Missouri

**Legislative Consultant**

Jack Pierce  
Jefferson City, Missouri

**Master Trustee/Custodian**

UMB Bank  
Kansas City, Missouri

## NOTES

# Financial Section

## *In This Section*

- Independent Auditors' Report
- Statement of Plan Net Assets
- Statement of Changes in Plan Net Assets
- Notes to Financial Statements
- Schedule of Funding Progress
- Schedule of Employer Contributions
- Schedule of Administrative Expenses
- Schedule of Investment Expenses

2000

INDEPENDENT AUDITORS' REPORT



**Evers & Company, CPA's, L.L.C.**

Certified Public Accountants and Consultants

Elmer L. Evers  
Jerome L. Kauffman  
Richard E. Elliott  
Dale A. Siebeneck  
Keith L. Taylor  
Lynn J. Graves

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the  
**Missouri Highway and Transportation  
Employees' and Highway Patrol  
Retirement System**  
Jefferson City, Missouri:

We have audited the accompanying statements of plan net assets of the **Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the Retirement System)** as of and for the years ended June 30, 2000 and 1999, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the **Missouri Highway and Transportation Employees' and Highway Patrol Retirement System** as of June 30, 2000 and 1999, and the results of its changes in its financial status for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of funding progress and employer contributions are supplementary disclosures under Governmental Accounting Standards Board Statement No. 25, and are not a required part of the financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Retirement System. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.


*Evers & Company, CPA's, L.L.C.*

EVERS & COMPANY, CPA's, L.L.C.  
Jefferson City, Missouri

September 28, 2000

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520 Dix Road • Jefferson City, Missouri 65109 • 573/635-0227 • FAX 573/634-3764  
Village Green Shopping Center • 1021 W. Buchanan Street, Ste. 10 • California, Missouri 65018 • 573/796-3210 • FAX 573/796-3452  
3938 Hwy. 54, Suite A • Osage Beach, Missouri 65065 • 573/348-4141 • FAX 573/348-0989

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## STATEMENT OF PLAN NET ASSETS

YEAR ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b><u>ASSETS:</u></b>		
Cash	\$ —	\$ 144,062
Receivables		
Contributions	1,040,778	1,163,632
Accrued interest and dividends	8,318,046	8,594,371
Investment sales	868,925	4,652,503
Total Receivables	<u>10,227,749</u>	<u>14,410,506</u>
Investments, at fair value (Note 2)		
Common & preferred stocks	987,372,552	926,706,203
Government and government agency securities	253,151,774	222,921,855
Corporate bonds	137,428,109	157,650,165
Timberland	30,054,904	—
Short term investments	61,043,488	130,472,441
Total Investments	<u>1,469,050,827</u>	<u>1,437,750,664</u>
Prepaid expenses	343	685
Fixed Assets, net of depreciation	<u>26,463</u>	<u>31,961</u>
TOTAL ASSETS	1,479,305,382	1,452,337,878
<b><u>LIABILITIES:</u></b>		
Cash overdraft	58,906	—
Accounts payable	690,869	625,774
Investment purchases	<u>888,223</u>	<u>193,154</u>
TOTAL LIABILITIES	<u>1,637,998</u>	<u>818,928</u>
<b><u>NET ASSETS HELD IN TRUST FOR</u></b>		
<b><u>PENSION BENEFITS</u></b>	<u>\$ 1,477,667,384</u>	<u>\$ 1,451,518,950</u>

(A schedule of funding progress is presented in the Supplemental Information.)  
 See accompanying notes to financial statements.

**FINANCIAL SECTION****STATEMENT OF CHANGES  
IN PLAN NET ASSETS****YEAR ENDED JUNE 30, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
<b><u>ADDITIONS:</u></b>		
Contributions	\$ 70,191,993	\$ 69,569,654
Investment income		
Interest and dividends	46,754,868	47,991,278
Net appreciation (gains/losses and changes in market value)	7,838,751	103,684,492
Securities lending gross income (net)	94,899	85,858
Total Investment Income	<u>54,688,518</u>	<u>151,761,628</u>
Less Investment Management Fees	<u>2,663,282</u>	<u>2,291,352</u>
Net Investment Income	<u>52,025,236</u>	<u>149,470,276</u>
Total Additions	122,217,229	219,039,930
<b><u>DEDUCTIONS:</u></b>		
Monthly benefits	95,402,854	86,255,201
Administrative expenses	<u>665,941</u>	<u>679,362</u>
Total Deductions	96,068,795	86,934,563
<b><u>NET INCREASE:</u></b>	26,148,434	132,105,367
Net Assets Held in Trust for Pension		
Benefits		
Beginning of Year	1,451,518,950	1,319,413,583
End of Year	<u>\$ 1,477,667,384</u>	<u>\$ 1,451,518,950</u>

*See accompanying notes to financial statements.*

## NOTES TO FINANCIAL STATEMENTS

## FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

1. PLAN DESCRIPTION:General

The Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the Retirement System) was established by, and is administered by, a Board of Trustees in accordance with the Revised Statutes of Missouri (RSMo). The Retirement System is a single-employer public employee retirement system which provides retirement, death, and disability benefits to full-time (defined as anticipating at least 1,000 hours to be worked annually) employees of the Missouri Department of Transportation and the Missouri State Highway Patrol. Due to the nature of the Retirement System, reliance on the funding from the State of Missouri and the overall control of policies by state officials, the Retirement System is considered a part of the State of Missouri financial reporting entity. The Retirement System is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The System had two contributing employers in 2000, and 1999.

Membership in the Retirement System at June 30, 2000 and 1999 consisted of the following:

	<u>2000</u>	<u>1999</u>
Retirees and beneficiaries		
currently receiving benefits	5,857	5,524
Disability recipients	186	195
Long-term disability recipients	76	77
Vested terminated employees	912	772
Active with vested benefits	6,328	6,347
Active without vested benefits	<u>2,843</u>	<u>2,793</u>
Total	<u>16,202</u>	<u>15,708</u>

Benefits

Benefits in the Retirement System currently vest after five years of creditable service. For members retiring prior to August 28, 1994, normal retirement age is 65 with four years of creditable service (55 for members of the uniformed patrol), with the retirement annuity based on a formula which considers average final compensation and number of years of creditable service. Non-uniformed employees were eligible for an unreduced annuity at age 65 with four years of creditable service, or age 60 with fifteen years of creditable service, or age 55 with thirty years of creditable service. Non-uniformed employees could retire with a reduced annuity between the ages of 55 and 59 with at least ten years and less than thirty years of creditable service. Uniformed employees were eligible for an unreduced annuity at age 55 with four years of creditable service. See "Amendments to the Retirement System" below for changes made in normal retirement age and other benefit changes effective August 18, 1994, or January 1, 1995.

## FINANCIAL SECTION

State statutes provide for special consultant fees to be paid to certain retirees along with the normal retirement benefits. These retirees have been appointed by the Board of Trustees to serve as consultants on the problems of retirement, aging, and other State matters. For such services provided, special consultant fees are paid monthly in amounts equal to the incremental increases in retirement benefits that would have been received had those persons benefited from changes in the law that affected increases in the retirement formula enacted since their retirement. Benefit provisions are established by State statute and may be amended only by action of the Missouri state legislature.

The Retirement System also provides survivor, disability, and lump-sum death benefits. Survivor benefits are payable to a surviving spouse or minor children of active employees who die after earning three years of creditable service. The annuity paid to the survivor is based on a percentage of the accrued benefit at the time of death. All disability benefits are offset by any workers' compensation benefits. Duty-related disability benefits are 70% of salary at the time of disability. Non duty-related disability benefits are based on the accrued annuity at the date of disability. Long-term disability benefits are 60% of salary immediately prior to the disability, less any Social Security benefit. Those who retire from active employment subsequent to September 28, 1985, with an immediate pension, are provided a \$5,000 lump-sum death benefit to be paid to a designated beneficiary.

### Contributions

Contributions to the Retirement System are made by the State of Missouri. Employees do not contribute to the Retirement System. The Retirement System's funding policy provides for actuarially determined employer contributions using the entry-age normal cost method on a closed group basis (consisting of normal cost and amortization of any unfunded accrued liabilities over a 40-year period). Actuarially determined rates, expressed as percentages of annual covered payroll, provide for amounts sufficient to fund those benefits designated by State statute to be funded in advance. Actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation as discussed in Note 3. Contributions for the special consultant fees are being funded on an actuarial basis.

Contributions totaling \$70,191,993 and \$69,569,654 for fiscal years 2000 and 1999, respectively, represent funding of normal costs and amortization of the unfunded accrued liability. Contribution rates determined by the Retirement System's actuary for the years ended June 30, 2000, and 1999 are as follows:

	<u>2000</u>		<u>1999</u>	
	<u>Non-uniformed</u>	<u>Uniformed</u>	<u>Non-uniformed</u>	<u>Uniformed</u>
Normal cost	10.68 %	12.73 %	11.38 %	15.95 %
Amortization of unfunded accrued liability	<u>11.32</u>	<u>17.71</u>	<u>11.14</u>	<u>15.73</u>
Total contribution rate	<u>22.00 %</u>	<u>30.44 %</u>	<u>22.52 %</u>	<u>31.68 %</u>

### Amendments to the Retirement System

Benefits of the Retirement System, as discussed above, were effected by House Bill 1149 (HB 1149) which was approved and made effective, for most provisions, August 28, 1994, with the remainder effective January 1, 1995. The Bill provides for the following changes:

## **FINANCIAL SECTION**

- Normal Retirement--members 50 or older are entitled to retire with a normal annuity and elect any of the survivor benefits if the sum of their age and service totals 80 or more. This provision was effective August 28, 1994.
- Increase In Formula Multiplier--the multiplier utilized in the retirement benefit formula increased from 1.5% to 1.6% effective January 1, 1995. This increase is also retroactive to individuals whose retirement date is before January 1, 1995.
- Survivor's Cost of Living Adjustment (COLA)--beneficiaries receiving benefits qualify for the annual minimum 4% to a maximum 5% COLA. Those beneficiaries now receiving a benefit are limited to 65% of the benefit they are receiving in total COLAs. Those who begin receiving COLAs after the effective date are limited to 65% of their initial benefit.
- Pop-Up Provision--retired members and future retirees whose spouse precedes them in death who have chosen a spouse option that reduced their initial retirement benefit will have their monthly benefit adjusted to the amount they would be receiving if they had not chosen the option. This provision was effective August 28, 1994.
- Minimum Benefit--effective January 1, 1995, the minimum benefit increased to \$15 from the prior level of \$12. As a result, a member's normal annuity amount cannot be less than the total years of service multiplied by \$15.
- Purchase of service for uniformed patrol--effective August 28, 1994, uniformed patrol members who previously served in the police force of any city will be allowed to purchase creditable service time of up to four years maximum.

Benefits of the Retirement System were also affected by House Bill 356 (HB 356) effective August 28, 1997. The amended provisions are as follows:

- For current active and inactive employees, annual COLA's continue at 80% of the change in the CPI, limited to the 4%-5% range. After the 65% cap, COLA's will be 80% of the change in the CPI limited to a range of 0%-5%.
- For employees hired after August 28, 1997, the COLA will be 80% of the change in the CPI, with a range of 0%-5%.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

### **Basis of Accounting**

The financial statements were prepared using the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which employee services are performed. Expenses are recorded when the corresponding obligations are incurred.

## FINANCIAL SECTION

### Method Used to Value Investments

Investments are reported at fair value on a trade date basis. Short-term investments are reported at cost, which approximates fair value. Bonds and stocks traded on a national or international exchange are valued at the reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Dividend income is recognized when dividends are declared. Interest income is recognized when earned.

### Investments

	<u>2000</u>		<u>1999</u>	
	<u>Carrying Amount</u>	<u>Market Amount</u>	<u>Carrying Amount</u>	<u>Market Amount</u>
Government and government agency securities	\$ 256,304,101	\$ 253,151,774	\$ 221,825,748	\$ 222,921,855
Corporate bonds	140,511,417	137,428,109	157,102,123	157,650,165
Common and preferred stocks	723,488,252	987,372,552	623,756,720	926,706,203
Timberland	30,000,000	30,054,904	--	--
Short-term investments	<u>60,944,858</u>	<u>61,043,488</u>	<u>129,682,055</u>	<u>130,472,441</u>
Total investments	<u>\$1,211,248,628</u>	<u>\$1,469,050,827</u>	<u>\$1,132,366,646</u>	<u>\$1,437,750,664</u>

The Timberland investments consist of forestland with trees suitable for harvesting timber.

### Cash

As of June 30, 2000, and 1999, the Retirement System had cash with a book balance of (\$58,906) and \$144,062, respectively, and a bank balance of \$328 and \$1,442,544, respectively. The bank in which this cash is held is required to pledge securities sufficient to collateralize these accounts. As of June 30, 2000, and 1999, the market value of this collateral was sufficient.

### Categories of Asset Risks

The investments of the Retirement System are governed primarily by an investment authority known as the "prudent person rule." The prudent person rule, as set forth by State statute, establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the fund. The Retirement System's investments are categorized to give an indication of the level of risk assumed by the fund at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Retirement System or its agent in the Retirement System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Retirement System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Retirement System's name. As of June 30, 2000, and 1999, all investments of the Retirement System, except real estate mortgages, are classified in Category 3. Real estate investments are not considered securities and, as such, are not categorized for credit risk.

**Related-Party Transactions**

The Retirement System reimburses the Missouri Department of Transportation for accounting, management, legal, data processing services, office space, and utilities. This amounted to \$343,970.62 for June 30, 2000, and \$310,009.76 for June 30, 1999.

**Office Equipment and Fixtures**

The office equipment and fixtures which are presented at cost, are depreciated on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows: furniture - 10 years, and equipment - 5 years.

**Receivables**

Receivables consist primarily of contributions owed and yet to be remitted by the employer, pending investment trades and interest and dividends.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. CONCENTRATIONS:**

No investments in any one organization (other than those issued by the U.S. Government) represent five percent of plan net assets.

**4. COMPENSATED DEFERRED ABSENCES:**

Expenses for accumulated annual leave earned by employees are recorded when earned by the employee. The balance owed was \$17,342.68 and \$15,754.92 as of June 30, 2000, and 1999, respectively.

**5. RETIREMENT PLAN:**

The Retirement System employs four people. All four employees are covered by the Retirement System. Amounts credited to the System on their behalf were \$31,489.47 and \$27,966.67 for the years ended June 30, 2000, and 1999, respectively.

**6. SECURITIES LENDING PROGRAM:**

Under the "prudent person" authority of the governing statutes and in accordance with the policies set by the Board of Trustees, the System lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The system's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral. During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the US government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for

## **FINANCIAL SECTION**

each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102 % of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in US dollars or whose primary trading market was not located in the United States, 105 % of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year. There were no losses during the year resulting from a default of the borrowers or the custodial bank.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The average duration of cash collateral in a collective investment pool was unavailable as of the report date. Because the loans were terminable at will, their duration did not match the duration of the investments made with the cash collateral. On June 30, 2000 and 1999, the System had no credit risk exposure to borrowers.

The collateral held and the market value of securities on loan for the System were unavailable as of the report date.

At June 30, 2000, and 1999, the System earned \$94,899 and \$85,858 respectively on the securities lending program.



**SCHEDULE OF FUNDING PROGRESS <sup>(1)</sup>****REQUIRED SUPPLEMENTARY INFORMATION***Exhibit I*

Date of Valuation	Actuarial Asset Value (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/1991	\$ 560,976,822	\$ 841,195,967	\$ 280,219,145	66.69%	\$ 220,856,988 <sup>(2)</sup>	126.88%
06/30/1992	622,018,133	904,097,721	282,079,588	68.80%	220,919,382	127.68%
06/30/1993	688,963,225	1,000,704,491	311,741,266	68.85%	228,032,159	136.71%
06/30/1994	746,946,221	1,204,313,635	457,367,414	62.02%	236,748,214	193.19%
06/30/1995	831,031,253	1,330,909,279	499,878,026	62.44%	243,561,510	205.24%
06/30/1996	916,553,828	1,429,910,844	513,357,016	64.10%	254,712,739	201.54%
06/30/1997	1,015,906,708	1,651,811,690	635,904,982	61.50%	271,070,643	234.59%
06/30/1998	1,126,961,804	1,744,052,411	617,090,607	64.62%	278,690,426	221.43%
06/30/1999 <sup>(3)</sup>	1,242,744,403	2,052,700,427	809,956,023	60.54%	288,068,083 <sup>(2)</sup>	281.17%
06/30/2000 <sup>(4)</sup>	1,339,228,528	2,180,963,695	841,735,167	61.41%	301,421,805 <sup>(2)</sup>	279.25%
06/30/2000 <sup>(5)</sup>	\$ 1,422,796,011	\$ 2,188,826,322	\$ 766,030,311	65.00%	\$ 301,421,805 <sup>(2)</sup>	254.14%

<sup>(1)</sup> Since the Long-Term Disability (LTD) Plan uses the aggregate funding method, this schedule is not required for the LTD Plan and the assets and liabilities have been excluded.

<sup>(2)</sup> Estimated.

<sup>(3)</sup> Introduction of Year 2000; changed actuary.

<sup>(4)</sup> Old assumptions.

<sup>(5)</sup> New assumptions adopted.

# FINANCIAL SECTION

## SCHEDULE OF EMPLOYER CONTRIBUTIONS <sup>(1)</sup>

YEAR ENDED JUNE 30, 2000

### REQUIRED SUPPLEMENTARY INFORMATION

Exhibit II - Uniform

Fiscal Year Ending	Covered Payroll	Actual Employer Contributions	Actual Employer Contribution %	Annual Required Contribution (ARC) %	Annual Pension cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/1991	\$30,189,436 <sup>(2)</sup>	\$10,545,170	34.93%	34.93%	\$10,545,170	100.00%	0
06/30/1992	30,606,601	11,101,014	36.27%	36.27%	11,101,014	100.00%	0
06/30/1993	31,004,803	9,868,829	31.83%	31.83%	9,868,829	100.00%	0
06/30/1994	32,715,429	9,739,383	29.77%	29.77%	9,739,383	100.00%	0
06/30/1995	35,232,287	14,462,854	41.05%	41.05%	14,462,854	100.00%	0
06/30/1996	39,557,621	15,743,114	39.80%	39.80%	15,743,114	100.00%	0
06/30/1997	42,242,106	16,546,233	39.17%	39.17%	16,546,233	100.00%	0
06/30/1998	43,987,039	16,600,708	37.74%	37.74%	16,600,708	100.00%	0
06/30/1999 <sup>(3)</sup>	43,882,573 <sup>(2)</sup>	13,901,999	31.68%	31.68%	13,901,999	100.00%	0
06/30/2000	\$44,297,237 <sup>(2)</sup>	\$13,484,079	30.44%	30.44%	\$13,484,079	100.00%	0

<sup>(1)</sup> Contributions for the Long-Term Disability Plan are de minimus and are excluded from this schedule.

<sup>(2)</sup> Estimated.

<sup>(3)</sup> Introduction of Year 2000 Plan; changed actuary.

Exhibit III - Non-Uniform

Fiscal Year Ending	Covered Payroll	Actual Employer Contributions	Actual Employer Contribution %	Annual Required Contribution (ARC) %	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/1991	\$190,667,552 <sup>(2)</sup>	\$35,864,567	18.81%	18.81%	\$35,864,567	100.00%	0
06/30/1992	190,312,781	37,929,337	19.93%	19.93%	37,929,337	100.00%	0
06/30/1993	197,027,356	41,454,556	21.04%	21.04%	41,454,556	100.00%	0
06/30/1994	204,032,785	40,949,380	20.07%	20.07%	40,949,380	100.00%	0
06/30/1995	208,329,222	56,144,725	26.95%	26.95%	56,144,725	100.00%	0
06/30/1996	215,155,118	56,842,321	26.42%	26.42%	56,842,321	100.00%	0
06/30/1997	228,828,537	59,838,662	26.15%	26.15%	59,838,662	100.00%	0
06/30/1998	234,703,387	61,140,232	26.05%	26.05%	61,140,232	100.00%	0
06/30/1999 <sup>(3)</sup>	244,185,511 <sup>(2)</sup>	54,990,577	22.52%	22.52%	54,990,577	100.00%	0
06/30/2000	\$257,124,598	\$56,567,405	22.00%	22.00%	\$56,567,405	100.00%	0

<sup>(1)</sup> Contributions for the Long-Term Disability Plan are de minimus and are excluded from this schedule.

<sup>(2)</sup> Estimated.

<sup>(3)</sup> Introduction of Year 2000 Plan; changed actuary.

### NOTES TO THE SCHEDULES OF TREND INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date ..... June 30, 2000  
 Actuarial Cost Method ..... Entry Age Normal  
 Amortization Method ..... Level Percent, Closed  
 Remaining Amortization Period ..... 36 Years  
 Asset Valuation Method ..... 5-Year Adjusted Value Average

#### Actuarial Assumptions:

Investment Rate of Return ..... 8.25%  
 Projected Salary Increases\* ..... 4.3% to 8.0%  
 \*Includes Inflation at ..... 4.0%

## SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED JUNE 30, 2000

	<u>2000</u>	<u>1999</u>
<b><u>PERSONAL SERVICES:</u></b>		
Salary	\$ 125,557	\$ 108,824
Employee Fringe Benefits	<u>40,974</u>	<u>30,733</u>
Total Personal Services	166,531	139,557
<b><u>PROFESSIONAL SERVICES:</u></b>		
Actuary	78,755	114,115
Audit	9,525	7,500
Government Consultant Fees	<u>15,000</u>	<u>12,000</u>
Total Professional Services	103,280	133,615
<b><u>MISCELLANEOUS:</u></b>		
Agency expense	343,971	310,010
Depreciation	8,772	9,250
Board & Staff Development	35,632	33,580
Office supplies	10,410	15,672
Postage	40,359	25,914
Insurance premium	343	343
Bank service charge	4,953	5,073
Other	<u>5,639</u>	<u>4,520</u>
Total Miscellaneous	450,079	404,362
Total Administrative Expenses	<u>\$ 719,890</u>	<u>\$ 677,534</u>

**FINANCIAL SECTION****SCHEDULE OF INVESTMENT EXPENSES****YEAR ENDED JUNE 30, 2000**

	<b>Assets Under Management at 6/30/00 (market value)</b>	<b>Fees Accrued During FY00</b>
<b><u>Investment Manager Fees:</u></b>		
United Missouri Bank of Kansas City, N.A.	\$1,210,925,865	\$ 903,289
Rothschild Asset Management	59,817,470	392,093
Alliance Capital	156,616,087	535,294
Wachovia Timberland Investment Management	30,054,904	73,040
Total Investment Manager Fees	—	<u>1,903,716</u>
<b><u>Other Investment Fees:</u></b>		
Investment Consultant	N/A	54,838
Investment Custodian	N/A	365,334
Investment Expenses	N/A	<u>339,394</u>
Total Other Investment Fees	N/A	759,566
<b>Total Investment Expense</b>		<b>\$2,663,282</b>

# Investment Section

## *In This Section*

- Letter from Consultants
- Investment Summary
- Time Weighted Percentage Rates of Return
- Schedule of Brokerage Commissions

2000

## INVESTMENT SECTION

### LETTER FROM CONSULTANTS



Asset Consulting Group, Inc.  
7700 Bonhomme Avenue, Suite 650  
St. Louis, Missouri 63105

September 30, 2000

Mr. Norman Robinson  
Executive Director  
Highway and Transportation Employees'  
and Highway Patrol Retirement System  
P.O. Box 104660  
Jefferson City, MO 65110

Dear Mr. Robinson:

As we conclude the fiscal year ending June 30, 2000, we would like to summarize the overall performance of the Missouri Highway Transportation Employees' and Highway Patrol Retirement System (HTEHPRS) investment portfolio.

As of June 30, 2000 the total investment portfolio had a market value of \$1,477,347,144. Equities represented 66.9% of the total investment portfolio, with the balance of the portfolio being comprised of domestic fixed-income (27.1%), timber (2.0%) and cash equivalents (4.0%).

During the 12 months ending June 30, the Fund had a total return ( income and price change ) of 3.9%, compared to an overall pension fund median return of 8.1% over the same interval. During this interval, large cap US stocks handily outperformed bonds, with the S&P 500 posting a 7.3% return, compared to the Lehman Aggregate bond index at 4.6%. Unfortunately, the Fund's large cap domestic equity manager lagged the overall US stock market by a wide margin (United Missouri Bank at -8.0%, compared to the S&P 500 at 7.3% ). This underperformance accounted for the lag in relative performance of the Total Fund compared to its peers.

International equities outpaced US equities during this 12 month period, with the MSCI EAFE index posting a return of 17.4%. Fortunately, the Fund's international equity manager outperformed the EAFE index by a wide margin, with a return of 25.7%.

The Fund's fixed income manager modestly outperformed the Lehman Intermediate Aggregate bond index with a return of 4.9%, compared to the index at 4.6%.

Accordingly, the overall Fund returns were most notably impacted by a shortfall in equity performance. We are in the process of formulating a course of action for the Board's consideration to restructure the overall portfolio in an effort to fare more competitively and to better diversify the investment structure of the portfolio.

Overall Fund returns for the trailing 3 and 5 year periods ending June 30 were 9.7% and 10.9%, respectively, on an annualized basis. These returns lag the median returns of other pension funds ( 11.8% and 14.0%, respectively over the 3 and 5 year intervals ).

We appreciate the opportunity to be of service to the Missouri HTEHPRS and look forward to working with you and your colleagues.

Sincerely,

Randall L. Kirkland, CFA  
Managing Director  
Asset Consulting Group, Inc.

## INVESTMENT SUMMARY

YEAR ENDED JUNE 30, 2000

	6/30/99		Sales &		6/30/00		% of		
	Book Value	Market Value	Purchased	Redemptions	Book Value	Market Value	Total Market	Projected Income	Projected Yield
Fixed Income Bonds									
Government	235,157,394	236,347,066	78,935,421	43,364,885	269,431,590	266,157,179	18.12 %	17,251,655	6.48 %
Corporate									
Financial	0	0	0	0	0	0	0.00	0	0.00
Industrial	74,022,269	74,341,437	14,589,945	13,844,402	76,716,054	75,105,005	5.11	4,943,083	6.58
Utilities	69,684,906	69,820,215	0	11,167,440	56,530,739	57,109,218	3.89	3,426,894	6.00
Convertible	3,113,443	2,595,625	0	1,054,375	985,000	850,000	0.06	75,000	8.82
Total Bonds	381,978,012	383,104,343	93,525,366	69,431,101	403,663,383	399,221,401	27.18	25,696,632	6.44
Preferred Stock	0	0	0	0	0	0	0.00	0	0.00
Total Fixed Income	381,978,012	383,104,343	93,525,366	69,431,101	403,663,383	399,221,401	27.18	25,696,632	6.44
Common Stock									
Financial & Utility	112,541,594	182,001,500	66,048,123	57,497,884	145,016,689	191,854,127	13.06	4,922,454	2.57
Basic Industry	117,622,773	158,730,879	23,255,903	26,080,852	110,035,885	140,820,808	9.59	3,001,366	2.13
Consumer & Service	329,334,217	468,975,552	153,625,099	171,333,489	347,615,911	452,313,909	30.79	5,255,867	1.16
Technology	62,696,042	118,854,711	117,106,285	62,474,369	113,957,520	193,720,460	13.19	330,247	0.17
Total Common Stock	622,194,626	928,562,642	360,035,410	317,386,594	716,626,006	978,709,305	66.62	13,509,934	1.38
Short Term									
Comm. Paper & STIF	65,183,907	65,443,563	580,018,768	619,750,203	25,475,100	25,499,096	1.74	1,608,908	6.31
Government	32,993,869	33,333,449	18,128,330	34,332,185	18,125,953	18,128,330	1.23	1,091,121	6.02
Corporate	31,567,581	31,624,930	17,416,063	31,944,316	17,343,806	17,416,063	1.19	1,098,563	6.31
Total Short Term	129,745,357	130,401,942	615,563,161	686,026,704	60,944,858	61,043,488	4.16	3,798,592	6.22
Total Short Term	0	0	30,000,000	0	30,000,000	30,054,904	2.05	0	0.00
Total Investments	1,133,917,995	1,442,068,927	1,069,123,937	1,072,844,399	1,211,234,247	1,469,029,098	100.0 %	43,005,158	2.93 %

This Schedule uses book and market values as shown on the financial statement.

Short term purchases are increased by the amount bonds becoming less than 1 year; sales represent sales of bonds due in 1 year. Similar adjustments have been made to the respective Bond categories.

## INVESTMENT SECTION

### Investments

#### Time Weighted Rates of Return Percentage

Fiscal Year Ended June 30, 2000

	<u>Long-Term Averages</u>		1996	1997	1998	1999	2000
	5-Year	10-Year					
<b>Total Fund</b>	<b>10.95</b>	<b>10.66</b>	<b>10.44</b>	<b>15.06</b>	<b>14.07</b>	<b>11.72</b>	<b>3.83</b>
Equities	15.45	14.25	16.91	22.97	19.8	14.83	3.71
Fixed Income	6.23	7.46	5.09	7.58	8.51	5.04	4.96
Short Term	5.49	5.15	5.81	5.51	5.62	5.14	4.95
MO/Small Business	N/A	N/A	-44.48	0.01	26.02	N/A	N/A

#### LARGEST INVESTMENT HOLDINGS

<u>LARGEST EQUITY SECURITIES</u>		
<u>Shares</u>	<u>Security</u>	<u>Market Value</u>
28,000	Intel Corp.	26,537,068
43,900	Microsoft Corp.	17,360,000
58,100	Cisco Systems Inc.	14,943,661
13,700	Texas Instruments Inc.	14,616,806
179,500	Nokia Corp.	14,337,200
3,700	Halliburton Co.	13,774,177
3,700	Williams Companies Inc.	13,419,367
14,800	International Business Machines Corp.	12,577,832
2,800	Apple Computer Inc.	11,878,650
206,600	BP Amoco LP	11,685,916

<u>LARGEST EQUITY SECURITIES</u>		
<u>Par</u>	<u>Security</u>	<u>Market Value</u>
11,200,000	US Treasury Note, 6.50% Due 5-15-2005	11,322,528
7,000,000	US Treasury Note, 6.00% Due 8-15-2009	6,943,160
6,700,000	Federal Home Loan Mortgage Corp, 6.87% Due 1-15-2005	6,658,125
6,000,000	Israel State, 6.60% Due 2-15-2008	5,940,600
5,000,000	US Treasury Note, 6.25% Due 2-28-2002	4,981,250
5,000,000	Federal Home Loan Bank, 5.125% Due 2-26-2002	4,862,500
5,000,000	Federal National Mortgage Assn, 6.10% Due 1-26-2005	4,789,800
4,500,000	Federal National Mortgage Assn, 5.55% Due 1-17-2001	4,470,300
4,500,000	Federal National Mortgage Assn, 6.41% Due 2-6-2002	4,467,915
4,500,000	Federal National Mortgage Assn, 6.41% Due 3-8-2006	4,354,380

Space and cost restrictions make it impractical to print the entire investment portfolio in this report. However, a portfolio listing is available for review in the office of the Executive Director of the Highway and Transportation Employees' and Highway Patrol Retirement System.



## SCHEDULE OF BROKERAGE COMMISSIONS

<u>Investment Brokerage Firm</u>	<u>Shares</u>	<u>Commissions</u>	<u>Per Share</u>
A.G. Edwards & Sons, Inc.	73,300	\$4,191.42	\$0.057
Abn Amro Incorporated	46,800	\$2,603.00	\$0.056
Allen & Company	3,600	\$214.00	\$0.059
Ameritrade	10,000	\$600.00	\$0.060
Arnhold & S Bleichroeder, Inc.	2,800	\$140.00	\$0.050
Baird, Robert W., & Company	41,800	\$2,468.00	\$0.059
Baum, George K, & Company	5,100	\$255.00	\$0.050
Bear Stearns	277,058	\$13,195.06	\$0.048
Berean Capital	25,100	\$1,357.00	\$0.054
Bernstein, Sanford C., & Co	42,700	\$2,522.00	\$0.059
Bny Clearing Services Llc	76,400	\$4,204.00	\$0.055
Boston Institutional Services	1,430,203	\$47,790.11	\$0.033
Bridge Trading Company	103,600	\$5,366.00	\$0.052
Broadcort Cap Corp/ Sub Of Mlpf	19,600	\$1,144.00	\$0.058
Brown Brothers Harriman & Co.	368,900	\$12,712.00	\$0.034
B-Trade Services	4,500	\$67.50	\$0.015
Buckingham Research Group, Inc.	6,700	\$357.00	\$0.053
Cantor Fitzgerald & Co.	39,800	\$2,084.00	\$0.052
Capital Institutional Services, Inc.	609,891	\$18,953.99	\$0.031
Chapman Company	14,600	\$730.00	\$0.050
Cibc World Markets Corp	41,900	\$2,414.00	\$0.058
Citation Group/bcc Clrg	20,000	\$1,119.00	\$0.056
Conning & Company	250,000	\$7,500.00	\$0.030
Correspondent Services Corporation	57,500	\$2,969.00	\$0.052
Credit Suisse First Boston Corporation	100,200	\$5,699.00	\$0.057
Davidson, D.A., & Company, Inc.	27,000	\$1,538.00	\$0.057
DB Clearing Services	83,170	\$4,605.30	\$0.055
Donaldson, Lufkin & Jenrette	1,134,900	\$38,446.00	\$0.034
Dresdner Securities (USA), Inc.	1,500	\$75.00	\$0.050
Factset Data Systems (Thru Bear Stearns)	115,300	\$5,765.00	\$0.050
Fahnestock & Company, Inc.	2,500	\$150.00	\$0.060
Ferris Baker Watts	6,200	\$372.00	\$0.060
First Security Van Kasper & Co.	2,600	\$156.00	\$0.060
First Union Capital Markets First Chapter Corp.	27,100	\$1,518.00	\$0.056
Fourteen Research Corp.	5,000	\$250.00	\$0.050
Fox-Pitt Kelton Inc.	25,700	\$1,542.00	\$0.060
Frank Russell Securities	32,642	\$1,858.52	\$0.057
Furman Selz Llc	39,300	\$2,314.00	\$0.059
Gerald Klauer Mattison & Company	3,200	\$175.00	\$0.055
Goldman, Sachs & Co.	847,917	\$41,474.98	\$0.049
Hoenig & Company Inc.	119,700	\$5,985.00	\$0.050
Ing Barings Llc	28,700	\$1,615.00	\$0.056
Instinet	60,500	\$1,345.00	\$0.022
Investec Ernst & Company	254,125	\$8,212.50	\$0.032
ISI Group, Inc.	19,400	\$1,090.00	\$0.056
J.C. Bradford & Company	3,000	\$180.00	\$0.060
J.P. Morgan Securities, Inc.	165,150	\$9,715.50	\$0.059
Janney Montgomery Scott Inc.	100,500	\$6,030.00	\$0.060
Jefferies & Company	515,900	\$15,095.00	\$0.029

**INVESTMENT SECTION****SCHEDULE OF BROKERAGE COMMISSIONS***(continued)*

<u>Investment Brokerage Firm</u>	<u>Shares</u>	<u>Commissions</u>	<u>Per Share</u>
Johnson Rice & Co.	41,800	\$2,090.00	\$0.050
Jones & Associates	47,800	\$2,390.00	\$0.050
Keefe Bruyette And Woods Inc.	75,000	\$2,580.00	\$0.034
King, CL, & Associates Inc.	36,500	\$2,190.00	\$0.060
Kirkpatrick Pettis Smith Pollan Inc.	60,700	\$2,699.00	\$0.044
Leerink Swann & Co.	3,400	\$204.00	\$0.060
Legg Mason Wood Walker, Inc.	23,300	\$1,398.00	\$0.060
Lehman Brothers Inc.	249,850	\$14,473.50	\$0.058
Lewco Securities Agent/Hambrecht & Quist	35,900	\$2,125.00	\$0.059
Lewco Securities Agent/Schroder Wert	17,700	\$1,001.00	\$0.057
Lynch, Jones, & Ryan	361,100	\$18,055.00	\$0.050
Maxus Corp.	6,800	\$408.00	\$0.060
Mcdonald	27,500	\$1,650.00	\$0.060
Merrill Lynch Professional Clearing	6,100	\$366.00	\$0.060
Merrill Lynch, Pierce, Fenner & Smith	926,000	\$40,877.00	\$0.044
Morgan Keegan & Company Inc.	42,258	\$2,535.48	\$0.060
Morgan Stanley & Co. Incorporated	240,200	\$13,142.00	\$0.055
Nationsbanc Montgomery Sec.llc	152,620	\$8,550.00	\$0.056
Neuberger & Berman, Llc	14,100	\$715.00	\$0.051
Northeast Securities, Inc.	14,000	\$700.00	\$0.050
O'Neill, William, & Company	421,462	\$18,485.86	\$0.044
Paine Webber	290,900	\$16,337.00	\$0.056
Paragon	307,600	\$12,764.00	\$0.041
Paribas Corporation	12,000	\$600.00	\$0.050
Prudential Securities Incorporated	472,936	\$18,383.80	\$0.039
Raymond James & Associates Inc.	59,600	\$3,233.00	\$0.054
Robertson, Stephens, & Co., L.p.	67,000	\$4,076.00	\$0.061
Robinson Humphrey	22,500	\$1,125.00	\$0.050
Salomon Smith Barney Inc.	300,050	\$17,781.50	\$0.059
Schwab, Charles, & Co., Inc.	4,600	\$230.00	\$0.050
Sg Cowen Securities Corp.	71,000	\$4,240.00	\$0.060
Soundview Technology Group Inc.	6,000	\$360.00	\$0.060
Southcoast Capital Llc	8,400	\$504.00	\$0.060
Spear Leeds & Kellogg	28,100	\$1,405.00	\$0.050
Standard & Poors Securities, Inc.	225,700	\$11,889.00	\$0.053
Stephens, Inc.	7,000	\$350.00	\$0.050
Stifel, Nicolaus & Co., Inc.	74,300	\$2,031.33	\$0.027
Suntrust Equitable Securities	15,100	\$906.00	\$0.060
Thomas Weisel Partners, Llc	10,600	\$636.00	\$0.060
U.s. Bancorp Piper Jaffray Inc.	31,000	\$1,860.00	\$0.060
US Clearing Institutional Trading	53,200	\$2,732.00	\$0.051
Warburg Dillon Read Llc	154,050	\$8,954.50	\$0.058
Weeden & Company	5,000	\$250.00	\$0.050
Weiss, Peck, & Greer L.l.c.	18,600	\$930.00	\$0.050
William Blair & Company, L.l.c.	43,400	\$2,454.00	\$0.057
Wilshire Associates Incorporated	46,850	\$1,748.50	\$0.037
Total Brokerage Fees	12,432,632	\$542,578.35	\$0.044

# Actuarial Section

## *In This Section*

- Actuary's Certification Letter
- Summary of Actuarial Methods and Assumptions
- Schedule of Active Member Valuation Data
- Summary of Plan Provisions
- Legislative Changes

2000

## ACTUARY'S CERTIFICATION LETTER



**GABRIEL, ROEDER, SMITH & COMPANY**  
Consultants & Actuaries

One Towne Square ! Suite 800 ! Southfield, Michigan 48076 ! 248-799-9000 ! 800-521-0498 ! fax 248-799-9020

September 28, 2001

The Retirement Board  
Highway and Transportation Employees  
and Highway Patrol Retirement System  
P.O Box 1930  
Jefferson City, Missouri 65102-1930

Dear Board Members:

The basic financial objective of the Highway and Transportation Employees and Highway Patrol Retirement System (HTEHPRS) is to establish and receive contributions which

- (1) when expressed in terms of percents of active member payroll will remain approximately level from generation to generation of Missouri citizens, and which
- (2) when combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of HTEHPRS.

In order to measure progress toward this fundamental objective, HTEHPRS has annual actuarial valuations performed. The valuations (i) measure present financial position, and (ii) establish contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liabilities over a reasonable period. An actuarial valuation was performed based upon data and assumptions as of June 30, 2000. This valuation indicates that the contribution rates, established by the Board of Trustees for the period beginning July 1, 2001, meet the basic financial objective. These contribution rates are 23.29% of payroll for the 8,092 non-uniformed employees, 34.94% of payroll for the 1,079 uniformed patrol employees.

The actuarial valuations are based upon financial and participant data which is prepared by retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death, and disability among HTEHPRS' members and their beneficiaries. We review the data for internal and year-to-year consistency as well as general reasonableness prior to its use in the actuarial valuations. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of HTEHPRS during the period July 1, 1994 to June 30, 1999. The last major changes were in economic assumptions, and these were first used in the June 30, 2000 valuation. Minor changes were made to the non-economic assumptions for use in the 2000 valuation, based on the July 1, 1994 to June 30, 1999 study of HTEHPRS experience. Changes in assumptions are outlined in Section E of the June 30, 2000 Actuarial Valuation. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the introductory section. We provided the information used in the supporting schedules in the actuarial section and the Schedules of Funding Progress in the financial section, as well as the employer contribution rates shown in the Schedule of Employer Contributions in the financial section.

**Based upon the valuation results, it is our opinion that the Highway and Transportation Employees' and Highway Patrol Retirement System for the State of Missouri continues in sound condition in accordance with actuarial principles of level percent of payroll financing.**

Respectfully submitted,

Brian B. Murphy, F.S.A.  
Senior Consultant & Actuary

## SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

### METHODS

#### Asset Valuation Method

Valuation assets were determined using a three-year smoothed market value method. This method recognizes assumed investment return fully each year. Differences between actual and assumed investment return are phased in over a closed three-year period.

#### Actuarial Cost Method

The Entry Age Normal actuarial cost method was used for determining liabilities and normal cost. Normal costs were computed as a level percent of pay and were based on the Year 2000 Plan. Unfunded Actuarial Accrued Liabilities were amortized as a level percent of payroll over 36 years. For this purpose, covered payroll is assumed to increase 4% per year. Continued yearly reductions in the amortization period will result in a 30-year period being used for the June 30, 2006 valuation. This is consistent with GASB amortization period requirements.

### ASSUMPTIONS

<b><u>Interest Rate:</u></b>	8.25 % per annum, net of administrative fees.
<b><u>Operating Expenses:</u></b>	0.21 % of payroll.
<b><u>Surviving Spouses:</u></b>	90% of employees dying in-service will have an eligible beneficiary.
<b><u>Post-Retirement Benefit Increases:</u></b>	The annual Consumer Price Index is assumed to be 4.0%.
<b><u>Applicable Disability Benefit:</u></b>	All future disabilities are assumed covered by LTD benefits.
<b><u>Offsets to LTD Benefits:</u></b>	It was assumed Workers Compensation Indemnity Benefits would be zero and that Social Security Disability PIA benefits would always apply.
<b><u>Mortality:</u></b>	Rates used in evaluating allowances to be paid to non-disabled pensioners were the 1971 Group Annuity Mortality (GAM) tables projected to the year 2000 set back one year for males and seven years for females. Pre-retirement mortality used was 50% of the 71GAM2000 tables set back one year for males and seven years for females. Disabled pension mortality was based on PBGC Disabled Mortality tables.

# ACTUARIAL SECTION

## SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Salary Increase Assumptions for an Individual Member						
Age	Non-Uniform			Uniform		
	Merit & Seniority	Base (Economic)	Increase Next Year	Merit & Seniority	Base (Economic)	Increase Next Year
20	3.00%	4.00%	7.00%	4.00%	4.00%	8.00%
25	3.00%	4.00%	7.00%	3.50%	4.00%	7.50%
30	2.85%	4.00%	6.85%	2.60%	4.00%	6.60%
35	2.20%	4.00%	6.20%	1.70%	4.00%	5.70%
40	1.70%	4.00%	5.70%	0.90%	4.00%	4.90%
45	1.30%	4.00%	5.30%	0.40%	4.00%	4.40%
50	0.80%	4.00%	4.80%	0.30%	4.00%	4.30%
55	0.60%	4.00%	4.60%	0.30%	4.00%	4.30%
60	0.30%	4.00%	4.30%	0.30%	4.00%	4.30%

SEVERANCE ASSUMPTIONS - Annual Terminations Per 100 Employees				
	Less Than 5 Years of Service		More Than 5 Years of Service	
	Service	Number Terminating	Sample Age	Number Terminating
<b>Non-Uniformed Males</b>				
	0-1	20	25	4.0
	1-2	10	35	2.5
	2-3	7	45	1.3
	3-4	6	55	0.4
	4-5	5	-	-
<b>Non-Uniformed Females</b>				
	0-1	16	25	5.5
	1-2	9	35	4.6
	2-3	8	45	3.0
	3-4	7	55	1.4
	4-5	6	-	-
<b>Uniformed Patrol</b>				
	0-1	5	25	2.5
	1-2	4	35	1.4
	2-3	3	45	0.9
	3-4	2	55	0.2
	4-5	2	-	-

**SUMMARY OF ACTUARIAL METHODS  
AND ASSUMPTIONS**

**RETIREMENT ASSUMPTIONS: Percents of Eligible Members Retiring Within Next Year**

Retirement Age	<u>NON-UNIFORMED</u>		<u>UNIFORMED</u>
	Male	Female	All
50	12 %	12 %	50 %
51	12	12	20
52	12	12	25
53	12	12	15
54	12	12	25
55	12	12	30
56	12	12	30
57	12	12	30
58	12	15	30
59	12	15	30
60	16	10	100
61	18	10	
62	50	50	
63	40	15	
64	30	15	
65	40	50	
66	35	50	
67	35	50	
68	35	50	
69	35	50	
70	100	100	

**ACTUARIAL SECTION****SCHEDULE OF ACTIVE MEMBER  
VALUATION DATA**

<b>Actuarial Valuation Date</b>	<b>Number</b>	<b>Covered Payroll</b>	<b>Average Pay</b>	<b>% Change in Average Pay from Prior Year</b>
06/30/1991	8,308	220,856,988	26,584	3.8 %
06/30/1992	8,591	228,503,592	26,598	0.1
06/30/1993	8,658	236,236,082	27,285	2.6
06/30/1994	8,849	242,864,780	27,445	0.6
06/30/1995	8,904	250,529,253	28,137	2.5
06/30/1996	9,023	264,196,115	29,280	4.1
06/30/1997	8,997	280,209,116	31,145	6.4
06/30/1998	8,871	284,889,796	32,115	3.1
06/30/1999	9,140	298,673,247	32,678	1.8
06/30/2000	9,171	312,532,009	34,078	4.3
<b>Ten Year Average</b>				<b>2.9 %</b>



**SUMMARY OF PLAN PROVISIONS\***

**AS OF JUNE 30, 2000**

<b>Comparison of the Closed Plan and the Year 2000 Plan</b>		
<b>Plan Provision</b>	<b>Closed Plan</b>	<b>Year 2000 Plan</b>
<b>Membership Eligibility</b>	Members who work in a position normally requiring at least 1,000 hours of work a year.	Members hired for the first time on or after July 1, 2000, in a position requiring at least 1,000 hours of work a year.  Members who left state employment prior to becoming vested and return to work on or after July 1, 2000, in a position normally requiring at least 1,000 hours of work a year.
<b>Normal Retirement Eligibility</b>	Age 65 & active with 4 years of service. Age 65 with 5 years of service. Age 60 with 15 years of service. "Rule of 80"/minimum age 50. Age 55 with 4 years of service. (uniform members only)	Age 62 with 5 years of service. "Rule of 80"/minimum age 50. Mandatory retirement at age 60 with 5 or more years credited service (uniform members only).
<b>Early Retirement Eligibility</b>	Age 55 with 10 years of creditable service.	Age 57 with 5 years creditable service.
<b>Benefit</b>	1.6% x FAP** x service.	1.7% x FAP** x service
<b>Life Benefit</b>	(Base benefit is increased by 33 1/3% for uniform patrol members only.)	
<b>Temporary Benefit</b>	Not available.	0.8% x FAP** x service (until age 62 - only if retiring under "Rule of 80").
<b>Vesting</b>	5 years of service.	5 years of service.
<b>COLA (Cost of Living Allowance)</b>	If hired before August 28, 1997, annual COLA is a minimum of 4%, maximum 5%. Based on 80% of the increase in the CPI over the previous year, up to a maximum of 65% of original benefit. After 65% cap is reached, annual COLA increases will be equal to 80% of the change in the CPI, with a maximum of 5%. If hired after the above date, annual COLAs will be equal to 80% of the increase in the CPI, maximum 5%, with no guaranteed minimum.	80% of increase in CPI with a maximum of 5%.
<b>Survivor Benefit (Death before retirement)</b>	A survivor benefit is payable to eligible spouse or children if member has 3 years service calculated using 25% of the base benefit and increased 5/12 of 1% for each month of service in excess of 5 years to a maximum of 50% of the base benefit.	Survivor benefit to eligible spouse calculated using the Joint & 100% survivor option or 80% of the member's life income annuity paid to eligible children.
<b>Non-duty related Death</b>	The spouse of an active employee who dies after accruing 5 years of creditable service may elect, to receive an annuity as if the employee had retired on the date of death and elected a Joint and 50% survivor annuity. If the spouse dies, leaving eligible children, the payment shall continue until the children reach 21 years of age.  The spouse of an active employee with 10 or more years of service may, in lieu of the joint 50% survivor benefit, receive a reduced joint & 100% survivor benefit calculated as if the member retired as of the date of death.	
<b>Duty-related Death</b>	Survivor benefit to eligible spouse or children equal to 50% of final average compensation (no service requirement).	Same
<b>Optional Forms of Payment (Death after retirement)</b>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: Life Income Annuity, Unreduced Joint & 50% Survivor, Joint & 100% Survivor, and 60 or 120 Guaranteed Payments.	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: Life Income Annuity, Joint & 50% Survivor, Joint & 100% Survivor, and 120 or 180 Guaranteed Payments.
<b>Disability</b>	Long-Term Disability, Work Related and Normal Disability	Long-Term Disability, Work Related and Normal Disability

\*This summary describes the plan provisions of the Revised Statutes of Missouri (RSMo.), as amended, that governed the programs, which HTEHPRS administered during the period covered by this report. It does not overrule any applicable statute or administrative rule and, in the event of a conflict, the applicable statute or rule would apply. The Year 2000 Plan is effective July 1, 2000.

\*\*Final Average Pay - highest 36 consecutive months of pay.

## **ACTUARIAL SECTION**

### **LEGISLATIVE CHANGES**

On May 30, 2000, Governor Mel Carnahan signed into law House Bill 1808 (HB 1808). Most of the provisions contained in HB 1808 involve minor modifications to and clarifications of the new retirement plan enacted last year (hereinafter referred to as the Year 2000 Plan), and administrative changes to the old retirement plan (hereinafter referred to as the Closed Plan). Two of the more substantive changes contained in the legislation, however, modify the basic life insurance provision that currently is in place for most state employees, in addition to allowing members on federal social security disability to also receive a temporary annuity under the Year 2000 Plan.

HB 1808 contained a provision that will increase the basic life insurance benefit from \$15,000 to one-times annual salary with a \$15,000 minimum effective January 1, 2001.

HB 1808 also contained a provision that will allow disabled members who are eligible for a temporary annuity to receive such annuity without regard to any prior receipt of federal social security disability benefits.

An emergency clause that coincides with the effective date of the new retirement plan (July 1, 2000) was also incorporated into HB 1808 thus allowing HTEHPRS to begin administering the new plan with no disruption to our members.

# Statistical Section

## *In This Section*

- Active Member Data
- Terminated Vested Member Data
- Schedule of Retired Members by Type of Benefit
- Schedule of Average Monthly Benefit Payments
- Retired Members Data (Ten-Year Averages)
- Benefit Recipients
- Membership Distribution

2000

# STATISTICAL SECTION

## ACTIVE MEMBER DATA

### BY AGE

<u>Age</u>	<u>Total</u>	<u>Department of Transportation</u>	<u>Civilian Patrol</u>	<u>Uniformed Patrol</u>	<u>Retirement System</u>
< 21	89	83	5	-	1
21-25	523	398	56	69	-
26-30	1,107	746	103	258	-
31-35	1,310	927	139	242	2
36-40	1,525	1,197	161	167	-
41-45	1,498	1,190	179	129	-
46-50	1,368	1,044	195	129	-
51-55	1,006	786	145	75	-
56-60	573	483	76	13	1
61-65	161	138	23	-	-
65 +	22	16	6	-	-
<b>Total</b>	<b>9,182</b>	<b>7,008</b>	<b>1,088</b>	<b>1,082</b>	<b>4</b>
<b>Average Age</b>		<b>41</b>	<b>42</b>	<b>37</b>	<b>35</b>

### BY YEARS OF SERVICE

<u>Years of Service</u>	<u>Total</u>	<u>Department of Transportation</u>	<u>Civilian Patrol</u>	<u>Uniformed Patrol</u>	<u>Retirement System</u>
< 1	1,249	1,139	67	42	1
1-5	2,006	1,348	320	337	1
6-10	1,653	1,244	166	243	-
11-15	1,326	1,042	149	134	1
16-20	842	595	133	114	-
21-25	940	730	110	100	-
26-30	606	447	91	68	-
31-35	392	314	40	37	1
36-40	137	119	11	7	-
41-45	29	28	1	-	-
45 +	2	2	-	-	-
<b>Total</b>	<b>9,182</b>	<b>7,008</b>	<b>1,088</b>	<b>1,082</b>	<b>4</b>
<b>Average Service</b>		<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

**TERMINATED VESTED MEMBER DATA**

**BY AGE**

<u>Age</u>	<u>Total</u>	<u>Department of Transportation</u>	<u>Civilian Patrol</u>	<u>Uniformed Patrol</u>
< 21	-	-	-	-
21-25	3	2	1	-
26-30	39	28	7	4
31-35	136	107	16	13
36-40	204	166	30	8
41-45	180	141	23	16
46-50	148	99	34	15
51-55	136	108	15	13
56-60	54	47	7	-
61-65	12	9	3	-
65 +	-	-	-	-
<b>Total</b>	<b>912</b>	<b>707</b>	<b>136</b>	<b>69</b>
<b>Average Age</b>		<b>43</b>	<b>43</b>	<b>43</b>

**BY YEARS OF SERVICE**

<u>Years of Service</u>	<u>Total</u>	<u>Department of Transportation</u>	<u>Civilian Patrol</u>	<u>Uniformed Patrol</u>
< 1	1	1	-	-
1-5	144	114	22	8
6-10	387	309	52	26
11-15	239	172	43	24
16-20	100	78	15	7
21-25	39	31	4	4
26-30	2	2	-	-
31-35	-	-	-	-
<b>Total</b>	<b>912</b>	<b>707</b>	<b>136</b>	<b>69</b>
<b>Average Service</b>		<b>10</b>	<b>11</b>	<b>11</b>

**STATISTICAL SECTION**

**SCHEDULE OF RETIRED MEMBERS  
BY TYPE OF BENEFIT**

**ALL MEMBERS**

Amount of Monthly Benefit			TYPE OF BENEFIT				Total Recipients	
			Retirement		Disability			
			Normal	Early	Normal	Long-Term		Survivor
1	-	200	12	18	13	5	407	455
201	-	400	64	65	30	25	408	592
401	-	600	181	52	50	20	258	561
601	-	800	265	34	23	8	164	494
801	-	1000	289	20	23	8	87	427
1001	-	1200	366	8	17	5	62	458
1201	-	1400	348	8	13	5	48	422
1401	-	1600	311	6	10	-	44	371
1601	-	1800	285	3	4	-	32	324
1801	-	2000	235	3	-	-	27	265
2001	-	2200	202	-	2	-	23	227
2201	-	2400	192	1	1	-	16	210
2401	-	2600	187	-	-	-	11	198
2601	-	2800	164	-	1	-	12	177
2801	-	3000	125	-	-	-	9	134
>		3000	510	-	-	-	13	523
TOTALS			3,736	218	187	76	1,621	5,838

**MISSOURI DEPARTMENT OF TRANSPORTATION**

Amount of Monthly Benefit			TYPE OF BENEFIT					Total Recipients
			Retirement		Disability			
			Normal	Early	Normal	Long-Term	Survivor	
1	-	200	9	15	12	3	387	426
201	-	400	47	57	27	25	378	534
401	-	600	155	46	48	15	228	492
601	-	800	231	28	23	7	140	429
801	-	1000	259	19	21	8	68	375
1001	-	1200	331	7	16	3	44	401
1201	-	1400	309	7	11	5	37	369
1401	-	1600	264	6	8	-	32	310
1601	-	1800	248	3	3	-	20	274
1801	-	2000	205	3	-	-	20	228
2001	-	2200	181	-	1	-	17	199
2201	-	2400	167	1	-	-	11	179
2401	-	2600	162	-	-	-	9	171
2601	-	2800	134	-	-	-	10	144
2801	-	3000	81	-	-	-	9	90
>		3000	143	-	-	-	4	147
TOTALS			2,926	192	170	66	1,414	4,768

**SCHEDULE OF RETIRED MEMBERS  
BY TYPE OF BENEFIT**

(continued)

**CIVILIAN PATROL**

Amount of Monthly Benefit			TYPE OF BENEFIT					Total Recipients
			Retirement		Disability		Survivor	
			Normal	Early	Normal	Long-Term		
1	-	200	2	3	1	2	17	25
201	-	400	15	8	2	-	16	41
401	-	600	24	6	2	5	15	52
601	-	800	29	6	-	1	10	46
801	-	1000	30	1	2	-	10	43
1001	-	1200	31	1	1	2	7	42
1201	-	1400	36	1	1	-	2	40
1401	-	1600	39	-	2	-	2	43
1601	-	1800	32	-	-	-	1	33
1801	-	2000	25	-	-	-	1	26
2001	-	2200	16	-	-	-	-	16
2201	-	2400	9	-	-	-	-	9
2401	-	2600	6	-	-	-	1	7
2601	-	2800	2	-	-	-	-	2
2801	-	3000	7	-	-	-	-	7
>		3000	20	-	-	-	1	21
TOTALS			323	26	11	10	83	453

**UNIFORMED PATROL**

Amount of Monthly Benefit			TYPE OF BENEFIT					Total Recipients
			Retirement		Disability			
			Normal	Early	Normal	Long-Term	Survivor	
1	-	200	-	-	-	-	3	3
201	-	400	2	-	1	-	14	17
401	-	600	2	-	-	-	15	17
601	-	800	5	-	-	-	14	19
801	-	1000	-	-	-	-	9	9
1001	-	1200	4	-	-	-	11	15
1201	-	1400	3	-	1	-	9	13
1401	-	1600	8	-	-	-	10	18
1601	-	1800	5	-	1	-	11	17
1801	-	2000	5	-	-	-	6	11
2001	-	2200	5	-	1	-	6	12
2201	-	2400	16	-	1	-	5	22
2401	-	2600	19	-	-	-	1	20
2601	-	2800	28	-	1	-	2	31
2801	-	3000	37	-	-	-	-	37
	>	3000	347	-	-	-	8	355
TOTALS			486	-	6	-	124	616

# STATISTICAL SECTION

## SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS

### BY YEARS OF SERVICE

Retired In Fiscal Year		0-10	11-15	16-20	21-25	26-30	31-35	36-40	41 +
MISSOURI DEPARTMENT OF TRANSPORTATION									
1996	Average Benefit	283	381	655	990	1,296	1,699	2,283	2,676
	Current Retirees	2	3	11	16	42	44	59	14
1997	Average Benefit	320	338	734	909	1,283	1,622	2,357	2,969
	Current Retirees	1	8	19	18	57	43	39	9
1998	Average Benefit	194	476	674	962	1,260	1,577	2,200	2,476
	Current Retirees	3	6	8	22	46	49	48	20
1999	Average Benefit	364	522	758	991	1,251	1,689	2,303	2,552
	Current Retirees	3	6	12	22	39	44	47	13
2000	Average Benefit	186	619	715	930	1,408	1,872	2,309	2,571
	Current Retirees	3	11	12	20	71	79	54	25
CIVILIAN PATROL									
1996	Average Benefit	341	-	679	917	1,250	1,586	1,876	-
	Current Retirees	2	-	3	7	6	5	2	-
1997	Average Benefit	262	445	579	1,025	1,477	1,566	2,005	-
	Current Retirees	3	2	4	1	4	7	8	-
1998	Average Benefit	-	514	547	907	1,275	1,753	2,011	2,721
	Current Retirees	-	3	4	1	6	7	4	2
1999	Average Benefit	-	371	414	900	971	1,825	1,824	-
	Current Retirees	-	3	1	3	4	12	5	-
2000	Average Benefit	228	469	540	841	1,304	1,753	2,348	1,822
	Current Retirees	2	1	2	6	7	10	5	2
UNIFORMED PATROL									
1996	Average Benefit	-	-	-	-	2,575	3,374	4,087	-
	Current Retirees	-	-	-	-	9	11	3	-
1997	Average Benefit	-	-	-	353	2,895	3,415	3,977	-
	Current Retirees	-	-	-	1	10	22	1	-
1998	Average Benefit	-	-	-	2,907	3,148	3,447	4,305	-
	Current Retirees	-	-	-	1	14	14	2	-
1999	Average Benefit	-	-	-	-	2,912	3,536	3,703	-
	Current Retirees	-	-	-	-	20	27	1	-
2000	Average Benefit	-	-	-	-	3,184	3,215	3,792	-
	Current Retirees	-	-	-	-	7	17	4	-



RETIRED MEMBERS DATA (TEN-YEAR AVERAGES)

RETIREMENT AGE / YEARS OF SERVICE / BENEFIT INFORMATION

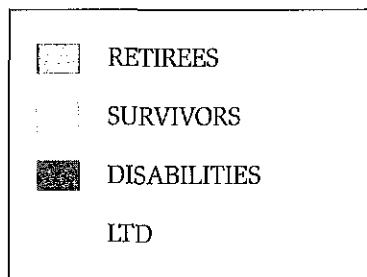
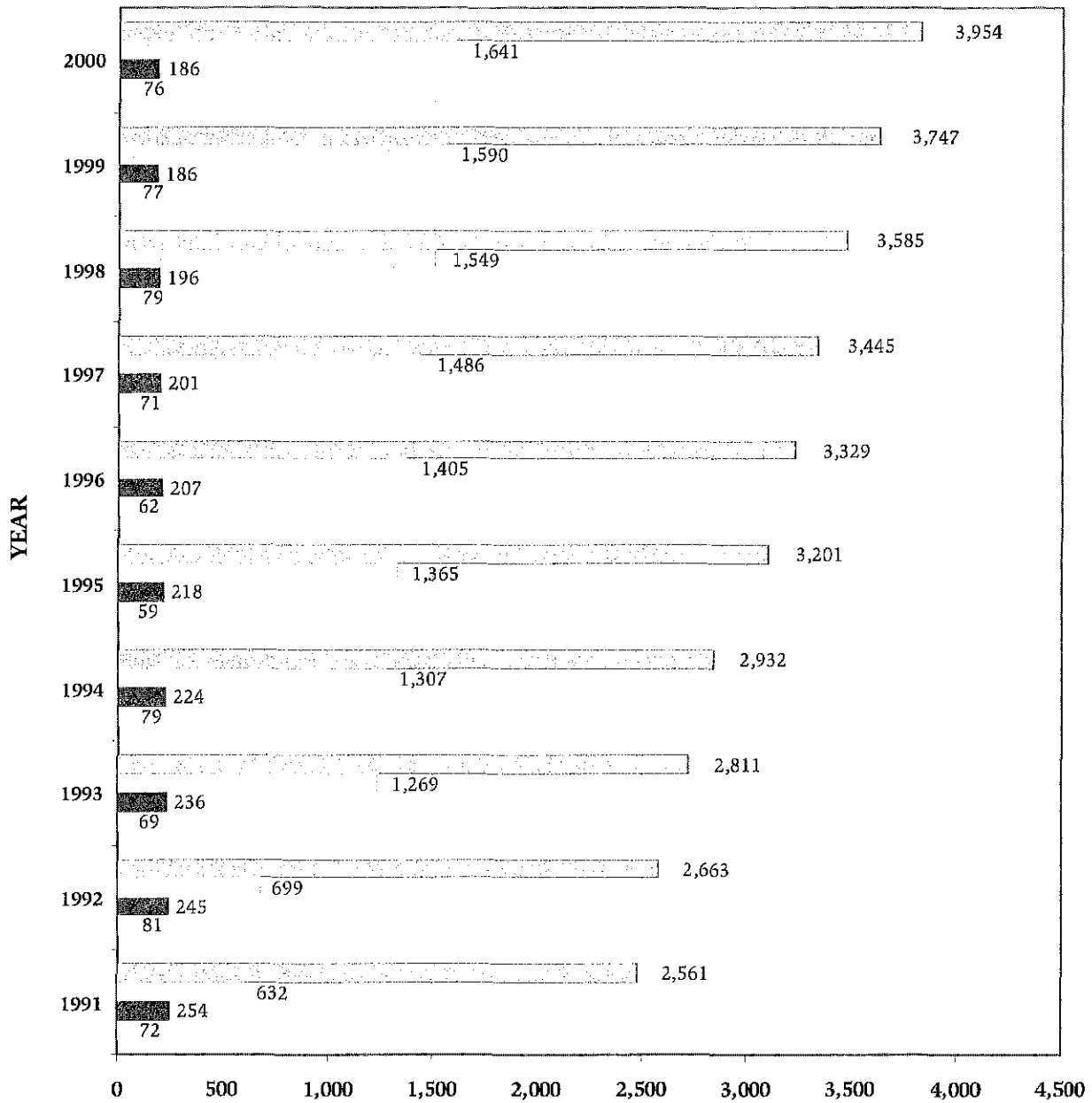
(The information contained in this tabulation relates to current retirees who retired in the years indicated)

Retired in Fiscal Year	Current Retirees	Average Age at Retirement	Average Service	Average Initial Benefit	Average Benefit on June 30, 2000	Percent of Increase
MISSOURI DEPARTMENT OF TRANSPORTATION						
1991	172	60.92	32.82	\$1,202.50	\$1,878.27	56.20
1992	126	60.21	33.13	1,218.87	1,817.34	49.10
1993	191	60.30	32.15	1,191.91	1,717.17	44.07
1994	169	60.42	31.70	1,274.01	1,758.71	38.05
1995	257	58.42	31.95	1,285.28	1,654.21	28.70
1996	191	59.12	32.35	1,434.06	1,699.62	18.52
1997	194	58.73	30.25	1,326.38	1,517.89	14.44
1998	202	59.51	31.80	1,439.12	1,585.94	10.20
1999	186	58.78	31.41	1,506.17	1,610.84	6.95
2000	275	58.11	31.91	1,679.53	1,714.41	2.08
CIVILIAN PATROL						
1991	22	62.09	26.45	\$ 784.46	\$1,235.55	57.50
1992	12	59.08	32.50	1333.00	2,012.57	50.98
1993	19	60.68	28.05	988.03	1,413.77	43.09
1994	20	61.50	26.95	1,028.41	1,414.64	37.56
1995	30	58.87	27.23	991.81	1,312.71	32.35
1996	25	60.96	26.28	953.58	1,132.77	18.79
1997	29	60.34	28.07	1,139.47	1,289.96	13.21
1998	27	59.52	28.85	1,283.20	1,408.94	9.80
1999	28	58.75	29.39	1,320.16	1,373.94	4.07
2000	35	58.91	29.09	1,375.81	1,402.63	1.95
UNIFORMED PATROL						
1991	21	56.90	33.38	\$2,602.65	\$4,057.31	55.89
1992	21	56.19	32.43	2,446.66	3,674.36	50.18
1993	18	56.22	32.00	2,432.28	3,497.54	43.80
1994	28	56.21	31.39	2,454.87	3,365.44	37.09
1995	68	54.12	32.28	2,454.50	3,199.82	30.37
1996	23	54.39	32.39	2,645.61	3,130.75	18.34
1997	34	54.76	31.79	2,772.15	3,090.10	11.47
1998	31	53.97	31.29	3,009.44	3,349.71	11.31
1999	48	54.46	31.73	3,082.83	3,242.10	5.17
2000	28	54.71	33.07	3,203.21	3,289.62	2.70

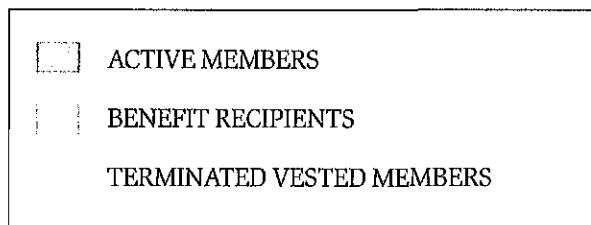
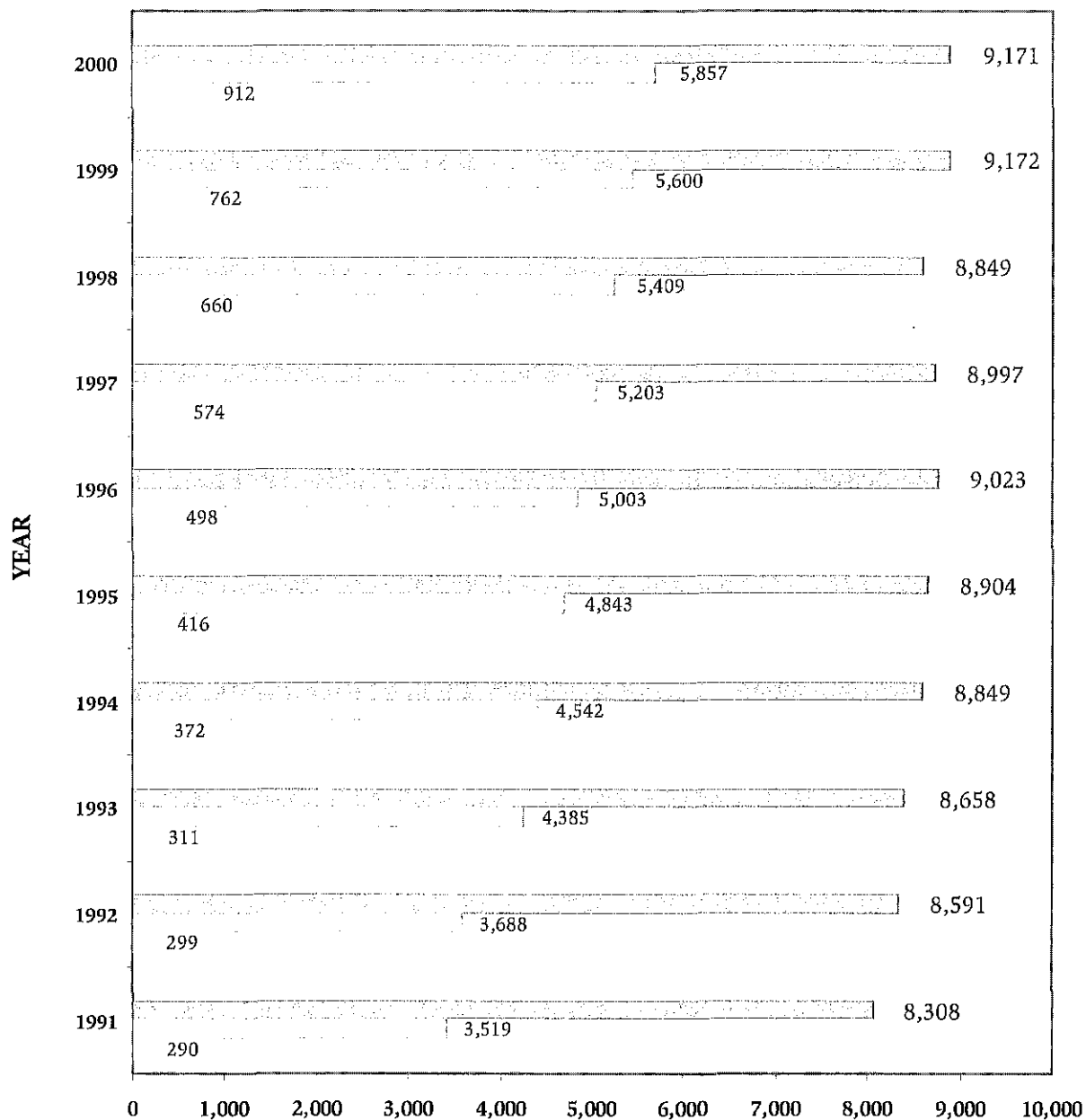
NOTE: Annual cost-of-living adjustments range between 4% and 5%. The Benefit formula increase of 6.7% on January 1, 1995, was retroactive.

# STATISTICAL SECTION

## BENEFIT RECIPIENTS



# MEMBERSHIP DISTRIBUTION



## NOTES